



REQUEST FOR PROPOSALS

TENANT FILE AUDITS AND PHYSICAL INSPECTIONS

FOR THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY'S COMPLIANCE MONITORING RENTAL PORTFOLIO

September 1, 2004

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Office of Legal Affairs, Compliance Monitoring
735 EAST MICHIGAN AVENUE
PO BOX 30044
LANSING, MI 48909**

**Michigan State Housing Development Authority
Compliance Monitoring of Rental Housing
Request for Proposals - Tenant File Audits and Physical Inspections**

TABLE OF CONTENTS

- 1. PROPOSAL INFORMATION**
 - 1.1 Introduction Statement
 - 1.2 Key Dates and Information Summary
 - 1.3 Questions and Inquiries
- 2. OVERVIEW OF CONTRACTOR RESPONSIBILITIES**
- 3. ELIGIBILITY AND QUALIFICATIONS FOR PERFORMING FILE AUDITS**
 - 3.1 Eligibility for Performing File Audits
 - 3.2 Qualifications and Experience for Performing File Audits
- 4. ELIGIBILITY AND QUALIFICATIONS FOR PERFORMING PHYSICAL INSPECTIONS**
 - 4.1 Eligibility for Performing Physical Inspections
 - 4.2 Qualifications and Experience for Performing Physical Inspections
- 5. SCOPE OF WORK FOR PERFORMING FILE AUDITS**
 - 5.1 General
 - 5.2 Developments to be Audited
 - 5.3 Scheduling Tenant File Audits
 - 5.4 Performing Tenant File Audits
 - 5.5 Notification of Compliance/Non-Compliance
 - 5.6 Review of Management Agent/Owner Response and Follow-up Letter
 - 5.7 Additional Contractor Requirements
- 6. SCOPE OF WORK FOR PERFORMING PHYSICAL INSPECTIONS**
 - 6.1 General
 - 6.2 Developments to be Inspected
 - 6.3 Physical Inspection Standards
 - 6.4 Scheduling Physical Inspections
 - 6.5 Performing Physical Inspections
 - 6.6 Reviewing/Documenting Local Health, Safety or Building Code Violations
 - 6.7 Performing CNA Reviews
 - 6.8 Reports and Letters to Authority and Development's Management
 - 6.9 Performing Reinspections
 - 6.10 Reviewing Management Agent/Owner Response and Follow-up Letter
 - 6.11 Additional Contractor Requirements
- 7. GUIDANCE FOR SUBMITTING PROPOSALS**
 - 7.1 Proposal Content
 - 7.2 Proposal Due Date
 - 7.3 Delivery of Proposals
 - 7.4 RFP Modifications and Additional Guidance
 - 7.5 Terms of Contract
 - 7.6 Rules and Requirements Governing the Competition

8. PROPOSAL EVALUATION AND SELECTION

- 8.1 Qualifications and Experience
- 8.2 Evaluation Criteria

9. DEVELOPMENT INFORMATION

- 9.1 General
- 9.2 Development Information Updates
- 9.3 Map of Developments by County

ATTACHMENTS

Map of Developments and Units by County
Developments and Units by County – For File Audits
Developments and Units by County – For Physical Inspections
File Audits Process Map
Physical Inspections Process Map
Proposed Fee Schedule – 2005
Proposed Fee Schedule - 2006
Proposal Certification

1. PROPOSAL INFORMATION

1.1 Introduction Statement:

The Compliance Monitoring Section of the Michigan State Housing Development Authority (the "Authority" or "MSHDA") is issuing this Request for Proposals (RFP) to retain qualified contractors to perform tenant file audits and/or physical inspections for a substantial portion of the Authority's rental portfolio. Contractor(s) selected under this RFP will perform tenant file audits and/or physical inspections in accordance with state and federal regulations and requirements.

The Contractor(s) selected will be required to enter into and sign a written contract (the "Contract") with the Michigan State Housing Development Authority. The Contract will contain terms and conditions required by MSHDA that will be in effect for the duration of the Contract. The Contract will commence on January 1, 2005 and end on December 31, 2005. In its discretion, the Authority may extend the Contract for one additional year. The contractor(s) shall function as an independent contractor(s) for purposes of the Contract and neither the Contractor nor its employees shall be considered an employee of MSHDA.

Proposals may be submitted for performing tenant file audits and/or physical inspections for one type of property (e.g., Section 8 or Section 236), or for a combination of types, and/or for a specific area of the state. Included as an Attachment of this RFP is a map identifying the total number of developments and units by county. In addition, there are process maps for file audits and physical inspections and summary reports that provide information related to the developments. These summary reports include the number of developments and units by program type and by county for file audits and for physical inspections.

1.2 Key Dates and Information Summary:

RFP Issue Date: September 1, 2004

RFP Issuing Office: Michigan State Housing Development Authority
Office of Legal Affairs, Compliance Monitoring

Questions Due Date & Time: September 15, 2004; 5:00 p.m.

Response to Questions: September 22, 2004; 5:00 p.m.

Proposals are to be sent to: Michigan State Housing Development Authority
Attn: Ted S. Rozeboom, Director
Office of Legal Affairs
735 E. Michigan Avenue, P.O. Box 30044
Lansing, MI 48909

Proposal Due Date and Time: October 1, 2004; 5:00 p.m.

1.3 Questions and Inquiries:

Written questions and inquiries relating to this RFP will be accepted from Offerors and must be received by MSHDA no later than 5:00 pm on September 15, 2004. Questions will be answered in writing. Questions and answers will be sent to all prospective Contractors who were sent or who were otherwise known to have obtained this RFP. Written questions must be sent via mail, fax or e-mail to the individuals listed below.

Ted Rozeboom, Director
Office of Legal Affairs
E-mail: rozeboomt@michigan.gov

And

Sherri Davio, Manager
Compliance Monitoring
E-Mail: davios@michigan.gov

Michigan State Housing Development Authority
735 E. Michigan Avenue, P.O. Box 30044
Lansing, MI 48909
Fax: (517) 241-8471

2. OVERVIEW OF CONTRACTOR RESPONSIBILITIES

Contractors selected must perform services in accordance with the MSHDA Contract, federal law, HUD and/or IRS regulations and requirements both current and as amended in the future.

Under this RFP, Offerors will competitively bid to perform services for developments assisted with a variety of programs administered by MSHDA, including but not limited to Section 8, Section 236, bond financed, Low Income Housing Tax Credits (LIHTC) and HOME. Summary reports of the number of developments and units by program and by county are included as Attachments to this RFP.

3. ELIGIBILITY AND QUALIFICATIONS FOR PERFORMING FILE AUDITS

3.1 Eligibility For Performing File Audits:

All qualified applicants will be considered. Individuals as well as corporate entities may submit proposals; however, individuals will be required to form a corporate entity prior to execution of any contract with the Authority and have an office located in the State of Michigan.

3.2 Qualifications and Experience for Performing File Audits:

Offerors must provide certification of HUD 4350.3 training and possess at least 2 years experience reviewing tenant files for compliance with federal regulations.

In addition, for proposals including file audits of LIHTC properties, offerors must also provide certification of Tax Credit training.

Proposals will be evaluated on the basis of the contractor's ability to demonstrate a high degree of experience, training and proficiency in the various functions to be performed. The Authority will specifically consider the contractor's understanding, knowledge and experience in the following areas:

- Demonstrated knowledge and experience in the Low Income Housing Tax Credit Program, Section 8 Program, and/or other low-income housing programs;
- Demonstrated experience in tenant eligibility determination; and
- Ability to identify and report program non-compliance issues in a timely, concise and accurate manner to the Authority and Management Agents/Owners.

4. ELIGIBILITY AND QUALIFICATIONS FOR PERFORMING PHYSICAL INSPECTIONS

4.1 Eligibility For Performing Physical Inspections:

All qualified applicants will be considered. Individuals as well as corporate entities may submit proposals; however, individuals will be required to form a corporate entity prior to execution of any contract with the Authority and have an office located in the State of Michigan.

4.2 Qualifications and Experience for Performing Physical Inspections:

Offerors must provide certification of training in Uniform Physical Conditions Standards (UPCS) and possess a minimum of 2 years experience in performing physical inspections for compliance with federal and/or MSHDA standards.

Equivalent combinations of training and/or experience that provide the required knowledge, skills, and abilities will be evaluated and considered on an individual basis. However, UPCS certification will be required prior to Contract execution. Certification of HQS training may be required for inspection of HOME units if HUD does not approve MSHDA's HQS* waiver request.

Proposals will be evaluated on the basis of the contractor's ability to demonstrate a high degree of experience, training and proficiency in the various functions to be performed. The Authority will specifically consider the contractor's understanding, knowledge and experience in the following areas:

- Demonstrated knowledge, experience and proficiency in UPCS and/or MSHDA physical inspection standards; and
- Ability to identify and report life-threatening health and safety findings and other physical inspection deficiencies in a timely, concise and accurate manner to the Authority and Management Agents/Owners.

**Note: MSHDA has requested a waiver of HUD's requirement to utilize HQS standards for physical inspections of properties with HOME funds. The Authority has requested HUD's approval to utilize UPCS inspection standards in lieu of HQS for these properties.*

5. SCOPE OF WORK FOR PERFORMING FILE AUDITS

5.1 General:

Tenant file audits are required to determine if owners of housing developments funded under certain government programs are complying with regulations. These regulations include certifying the incomes of tenants and ensuring that rents charged are within program guidelines.

Tenant file audits must be completed every 18 months for the Section 8, Section 236 and bond financed developments, and every 3 years for the Low Income Housing Tax Credit developments. Developments with multiple sources of funding will default to the most restrictive program requirement.

The contractor's primary responsibilities during the tenant file audit will be to determine if the unit is in compliance with applicable program rules by reviewing the following information:

- The income at move-in of each household, and the documentation used to determine that income.
- The current income of each household, and the documentation used to determine that income.
- Deductions and allowances (i.e. medical, elderly and dependent) for each household and the documentation used to determine those deductions and allowances
- Supplemental documentation (i.e. social security cards, birth certificates, etc.)
- The composition of each household, and related student status, elderly status, if applicable.
- Recertifications for each household.
- The rent amount charged to each household.
- The lease agreement.
- The consistency of the information provided in the tenant file, on reports submitted to MSHDA by the owner, the owner's rent roll, and the lease agreement.
- For all developments, obtain the current number of vacant units and vacancy percentage. If the percentage of vacancy is 10% or higher, obtain an explanation and improvement plan for addressing the vacancy issue.
- For Section 8 developments, obtain a copy of the incorrect and corrected versions of 50059 forms and HAP voucher adjustments and provide these documents to the Authority.
- For Section 236 developments, obtain a copy of the incorrect and corrected versions of 50059 forms and provide these documents to the Authority.
- Other items and information as specified by the Authority.

5.2 Developments To Be Audited:

1. The Authority will give contractors a list of developments and due dates for performing Tenant File Audits. The Authority may designate specific units to audit.

2. The Contractor shall audit the following percentages of files for the Programs described below:
 - **Low Income Housing Tax Credit Developments:** 20% of the low-income units in each building of the development. (The Contractor shall not audit market rate-units).
 - **Bond-Financed Developments:** 20% of the total units (including low income and market rate units)
 - **Section 8 Program and 236 Developments:** 20% of the total units in the Development.
 - **Developments with Financing from Various Programs:** The greater of (a) 20% of the low-income units in each building or (b) 20% of the total units in the development.

The Authority reserves the right to require the contractor to review a higher percentage of the records, if the Authority deems this necessary and appropriate based on the results of the previous tenant file audit.

3. For Low Income Housing Tax Credit units, a Tenant File Audit shall be performed no more than 30 days after the Physical Inspection has been performed and the File Audit shall include the same units the Physical Inspection Contractor inspected. The Authority will provide the contractor with a list of units for which the tenant files are to be audited. For all other properties, the contractor will randomly select the tenant files to be audited.

5.3 Scheduling Tenant File Audits:

1. The Contractor will schedule Tenant File Audits by providing written notice to the development's Management Agent as specified by the Authority at least twenty (20) business days prior to the scheduled Audit date.
2. The Contractor shall provide the management agent with at least 20 business days advance written notice through a scheduling letter.
 - a. The scheduling letter must include the date of the Tenant File Audit, the Contractor's anticipated arrival time, and the location of the Tenant File Audit.
 - b. The Contractor will address the scheduling letter to the management agent for the development. Copies will be sent to the Owner and the Authority's Office of Compliance Monitoring.

5.4 Performing Tenant File Audits:

1. The Contractor shall perform Audits within a timeframe specified by the Authority.
2. The Contractor must obtain the development's rent roll.
3. The results of each Tenant File Audit shall be in an electronic format accessible to the Authority. The Contractor must complete the Audit Report for each development by recording tenant file data for each unit electronically through the use of Microsoft compatible software. Excel, Access or a

compatible product should be utilized for recording tenant data and tracking Management Agent responses. Microsoft Word or a compatible product should be utilized for correspondence.

4. The Contractor will verbally review, in person, the Tenant File Audit findings and results with the Management Agent personnel on-site during the Audit, if Management Agent personnel are available. The Contractor will verbally explain the results of the Tenant File Audit to the development's Management Agent representative at the conclusion of the File Audit, if such representative is available on-site at the conclusion of the Tenant File Audit.

5.5 Notification of Compliance/Non-Compliance:

1. The Contractor will prepare and submit an audit letter and Tenant File Audit Report documenting the results of the audit to the Authority and Management Agent/Owner within 20 business days after the date the Tenant File Audit was performed. The audit letter and report must be in a predetermined format acceptable to the Authority. The Contractor shall state in the audit letter that, based on the files reviewed, the Contractor believes that the development complies (or does not comply) with program requirements. For all units cited as having potential compliance issues, the report must indicate the required and/or suggested corrective actions, the date each unit identified was "out of compliance", and the appropriate correction deadline.
2. The Contractor will "score" the Tenant File Audit in accordance with Authority guidelines.
3. If no response is received by the correction deadline, the Contractor will send a letter to confirm that no response was received.
4. After the correction deadline has expired, the Contractor will report corrected and non-corrected compliance issues to the Authority and the Management Agent/Owner. The report must indicate the date each unit was brought "back in compliance. MSHDA will then continue to work with the management agent/owner to correct the outstanding noncompliance issues. The Contractor will report correction or non-correction of noncompliance to the Authority within 14 days of the end of the correction period.

5.6 Review of Management Agent/Owner Response and Follow-up Letter:

1. When the Management Agent/Owner responds to cited findings and forwards corrections to the Contractor, the Contractor shall notify the Management Agent/Owner in writing that the response is either acceptable or that outstanding issues still exist that must be resolved. If outstanding issues still exist, the Contractor shall notify the Management Agent/Owner of the corrective action that is required and/or recommended. The Contractor shall forward a copy of its response to the Authority's Office of Compliance Monitoring. If all items have been corrected, no additional follow-up is required. If outstanding items still exist, MSHDA will take appropriate action to resolve the issues.

2. If the Management Agent/Owner does not respond within the required time period, the Contractor will issue a non-response letter to the Management Agent/Owner (with a copy to MSHDA Compliance Monitoring). When the Management Agent/Owner's response is received, the Contractor will review the response as indicated in item #1 above. If no response is received, the Contractor will send a letter to the Agent/Owner indicating that no response was received and all outstanding issues have been referred to MSHDA for corrective action.
3. The Contractor shall be available to the Authority to discuss responses from Management Agents/Owners.

5.7 Additional Contractor Requirements:

- 1. Work with the Compliance Monitoring staff to insure uniformity in audit and reporting procedures:**

To ensure uniformity in the tenant file audits, all contractors must attend workshops provided by the Authority to discuss the forms that must be included in the tenant files, the forms required for monitoring tenant files, and the standards to which the audits are to be conducted.

- 2. Attend Trainings on HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs and LIHTC Training:**

All contractors must attend trainings on HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs on an annual basis. Contractors performing audits on Low Income Housing Tax Credit developments must also attend at least one tax credit compliance seminar each year. The Authority will not cover the costs for attending these trainings.

- 3. Meet with Authority Staff as Needed to Review Work Progress and Audit Results:**

Periodic meetings will be scheduled with all contractors to ensure familiarity with state agency policies and to review work progress and audit results.

6. SCOPE OF WORK FOR PERFORMING PHYSICAL INSPECTIONS

6.1 General:

At developments designated by the Authority, the Contractor shall perform, in accordance with Authority requirements, a Physical Inspection using the following frequency and inspection standards:

Physical inspections must be performed every 12 months for the Section 8, Section 236 and bond-financed developments, and every 3 years for the Low Income Housing Tax Credit developments. Developments with multiple sources of funding will default to the most restrictive program requirement.

- Uniform Physical Condition Standards (UPCS) for LIHTC Units;
- Housing Quality Standards (HQS)* for HOME Units;
- MSHDA Inspection Standards Requirements (“UPCS Plus”) for Authority-Financed developments.

When performing Annual Inspections at Authority-Financed developments, the Contractor shall also review and provide feedback to the Authority on Capital Needs Assessment (“CNA”) matters that the Authority has advised the Contractor of prior to the Annual Inspection. The Contractor shall review CNA matters only at Authority-Financed developments.

When performing Physical Inspections of buildings and units, the Contractor must review local health, safety, or building code violation reports or notices that have occurred since MSHDA (or a Contract Physical Inspector of MSHDA) conducted the last Physical Inspection. The Contractor must review all violations and corrective actions taken and determine whether the buildings and/or units are suitable for occupancy. This information must be documented in the Physical Inspection report.

**Note: MSHDA has requested a waiver of HUD’s requirement to utilize HQS standards for physical inspections of properties with HOME funds. The Authority has requested HUD’s approval to utilize UPCS inspection standards in lieu of HQS for these properties.*

6.2 Developments to be Inspected:

1. The Authority will give contractors a list of developments and due dates for performing Physical Inspections. The Authority may designate specific units to inspect.
2. The Contractor shall perform inspections for developments by applying the standards set forth herein and inspecting the following percentages of Units for the Programs described below:
 - **Low Income Housing Tax Credit Developments:** 20% of the low-income units in each building of the Development. (The Contractor shall not inspect market rate-units).
 - **Bond-Financed Developments:** 20% of the total units (including low income and market rate units)
 - **Section 8 Program and 236 Program Units:** 20% of the total units in the Development, not to exceed 25 units.
 - **Developments with Financing from More than One Program:** The greater of:
 - (a) 20% of the low-income units in each building, or
 - (b) 20% of the total units in the development.

NOTE: For developments financed through the Section 8 Program, the Contractor shall not inspect more than 25 units unless the development includes LIHTC Units, which require that 20% of the low-income units per building be inspected.

The Authority reserves the right to require the contractor to inspect a higher percentage of units, if the Authority deems this necessary and appropriate based on the results of the previous inspection.

3. For Low Income Housing Tax Credit units, the Physical Inspection Contractor shall perform a Physical Inspection for 20% of the low-income units in each building and the same units will receive a Tenant File Audit no more than 30 days after the physical inspection is conducted.

6.3 Physical Inspection Standards:

The new Physical Inspection standard for MSHDA financed developments in 2005 will be "UPCS Plus". The basis for this standard is the Uniform Physical Condition Standard (UPCS) and also includes additional MSHDA requirements. UPCS is the standard used by HUD REAC PASS inspectors. Training and proficiency in this standard will be required of all MSHDA Physical Inspection Contractors for 2005. MSHDA will provide training on the additional MSHDA requirements of "UPCS Plus" and this training is tentatively scheduled for December 6, 2004.

- The Contractor shall follow and apply the MSDHA Inspection Standards ("UPCS Plus") when conducting Physical Inspections on Authority-Financed developments.
- The Contractor shall follow and apply the Uniform Physical Condition Standards for LIHTC Units and HQS Standards* for HOME Units and shall use Authority-Approved Forms when conducting such inspections.

At developments that are assisted only by the Low Income Housing Tax Credit Program, the Contractor shall:

- Use the Uniform Physical Condition Standards for LIHTC Units.
- Perform Inspections on such developments once every three years, or at the request of the Authority.
- Review, in person, the Contractor's findings with the development's Management Agent or Owner on site during the Inspection if the development's Management Agent's staff or Owner is available.
- Perform Re-Inspections on Tax Credit Units only at the request of the Authority.

At developments that are assisted by the HOME Program, the Contractor shall: Perform Inspections at such developments annually or as required under HOME regulations.

- Use Housing Quality Standards (HQS)* for HOME units.
- Review, in person, the Contractor's findings with the development's Management Agent or Owner on site during the Inspection if the development's Management Agent's staff or Owner is available.
- Perform Re-Inspections on HOME Units only at the request of the Authority.

The Contractor acknowledges that the forms and standards required by the Authority to provide Services are subject to change following written notice by the Authority but shall not result in a material increase in the time necessary to complete the Physical Inspection.

**Note: MSHDA has requested a waiver of HUD's requirement to utilize HQS standards for physical inspections of properties with HOME funds. The Authority has requested HUD's approval to utilize UPCS inspection standards in lieu of HQS for these properties.*

6.4 Scheduling Physical Inspections:

1. The Contractor will schedule Physical Inspections by providing written notice to the development's Management Agent/Owner as specified by the Authority at least twenty (20) business days prior to the scheduled inspection date.
2. The Contractor shall provide the Management Agent/Owner with at least 20 business days advance written notice through a scheduling letter.
 - a. The scheduling letter must include the date of the Physical Inspection, the Contractor's anticipated arrival time, and the location of the Physical Inspection.
 - b. The Contractor will address the scheduling letter to the Management Agent of the development. Copies will be sent to the Owner and the Authority's Office of Compliance Monitoring.

6.5 Performing Physical Inspections:

1. The Contractor shall perform Inspections within a timeframe specified by the Authority.
2. The Contractor shall use a form approved by the Authority to perform Physical Inspections or Re-inspections.
3. The Contractor shall inspect any particular unit(s) identified by the Compliance Manager, Compliance Staff or Asset Manager assigned to the development.
4. The Contractor must record the results of the Physical Inspections for each development electronically through the use of the Authority's Multifamily Housing Inspection (MHI) software. Excel, Access or a compatible product should be utilized for tracking Management Agent responses. Microsoft Word or a compatible product should be utilized for correspondence.
5. The Contractor shall forward the results of Physical Inspections to the Authority by (a) uploading the data to the Authority's computers, or (b) delivering a hard copy by facsimile, First Class Mail, overnight mail, or hand delivery only if computer-related or electronic transmission problems prevent the uploading of data to the Authority's computers.
6. The Contractor shall be available to discuss the results of the Physical Inspections with Authority staff, including the Compliance Manager, Compliance Staff, Asset Manager and Physical Portfolio Manager.

7. The Contractor shall be available to Authority staff to discuss the methods and results of the inspections.
8. The Contractor will verbally review, in person, the Physical Inspection findings and results with the Management Agent personnel on-site during the Inspection, if Management Agent personnel are available. The Contractor will verbally review the results of the Inspection with the development's Management Agent, or representative, if such representative is available at the conclusion of the Physical Inspection.
9. If life-threatening deficiencies are discovered during the inspection, the Contractor shall issue a hazard notice to the management agent at conclusion of the inspection. The Contractor must send an electronic copy of the notice to the Authority's Compliance Manager, Asset Manager and Physical Portfolio Manager within 24 hours of the conclusion of the inspection.

6.6 Reviewing/Documenting Local Health, Safety or Building Code Violations:

When performing Physical Inspections of buildings and units, the Contractor must ask the Management Agent/Owner if there have been any local health, safety, or building code violations reports or notices since the last Physical Inspection was conducted by MSHDA or a Contract Physical Inspector of MSHDA. If violations have occurred, the Contractor must review the violations and corrective actions taken and determine whether the buildings and/or units are suitable for occupancy. This information must be documented in the Physical Inspection report.

6.7 Performing CNA Reviews:

The review of the CNA and the inspection at the Authority-Financed development of work or items cited in the CNA as requiring repair or replacement shall be described as the "CNA Review."

1. Prior to performing Annual Inspections at Authority-financed developments, the Contractor shall review the Capital Needs Assessment ("CNA") for the development, if a CNA is available for the particular development.
2. The CNA Review shall be performed once a year for each Authority-Financed development during the Annual Inspection to confirm the status of work or items recommended or cited in the CNA as requiring repair or replacement.
3. The Contractor shall report the status of the work or items recommended in the CNA in the Annual Physical Inspection Report.

6.8 Reports and Letters to Authority and to Development's Management:

1. Physical Inspection Report and Letter. The Contractor shall provide to the Authority and the development's Management Agent/Owner, by the 20th business day after each inspection is performed, a Physical Inspection

Report and cover letter that documents the results of the Physical Inspection. The report shall be completed and submitted in a format and manner that is agreed upon by the Authority and Contractor.

2. Hazard Notice. If life-threatening deficiencies are discovered during the inspection, the Contractor shall issue a hazard notice to the Management Agent/Owner at conclusion of the inspection. The Contractor must send an electronic copy of the notice to the Authority's Compliance Manager, Asset Manager and Physical Portfolio Manager within 24 hours of the conclusion of the inspection.

6.9 Performing Reinspections:

1. Reinspections shall be performed only at Authority-financed developments and **shall only be performed if requested in writing by the Authority:**
2. Re-inspections at Authority-financed developments shall:
 - Be performed 6 months after the annual inspection or a shorter time if requested by the Authority.
 - Include a review of all deficiencies noted during the annual inspection to ensure the satisfactory completion of the work, including:
A review of physical problems at particular units identified by the Authority's Compliance Manager, Compliance Staff or Asset Manager at Authority-Financed developments.
 - Include a review of common areas, the grounds, heat, ventilation, air conditioning and cooling.

6.10 Reviewing Management Agent/Owner Response and Follow-up Letter:

1. When the Management Agent/Owner responds to cited deficiencies and forwards corrective actions taken to the Contractor, the Contractor shall notify the Management Agent/Owner in writing that the corrective action is either acceptable or that outstanding items still exist. A copy of the letter shall be forwarded to MSHDA Compliance Monitoring. If all items have been corrected, no additional follow-up is required. If outstanding items still exist, MSHDA will take appropriate action to resolve the issues.
2. If the Management Agent/Owner does not respond within the required time period, the Contractor will issue a non-response letter to the Management Agent/Owner (with a copy to MSHDA Compliance Monitoring). When the Management Agent/Owner's response is received, the Contractor will review the response as indicated in item #1 above. If no response is received, the Contractor will send a letter to the Management Agent/Owner indicating that no response was received and all outstanding issues have been referred to MSHDA for corrective action.
3. The Contractor shall be available to the Authority to discuss responses from Management Agents/Owners.

6.11 Additional Contractor Requirements:

- 1. Work with the Compliance Monitoring and/or other designated MSHDA staff to ensure uniformity in physical inspection and reporting procedures:**

To ensure uniformity in Physical Inspections, all contractors must attend workshops provided by the Authority to discuss inspection procedures. A mandatory training session for Physical Inspection contractors is tentatively scheduled for December 6, 2004.

- 2. Attend Trainings on UPCS, HQS and MSHDA ("UPCS Plus") Requirements:**

All contractors must attend trainings on UPCS and HQS (if applicable). The Authority is not responsible for the costs of attending these trainings.

The new Physical Inspection standard for MSHDA financed developments in 2005 will be "UPCS Plus". The basis for this standard is the Uniform Physical Condition Standard (UPCS) and also includes additional MSHDA requirements. UPCS is the standard used by HUD REAC PASS inspectors. Training and proficiency in this standard will be required of all MSHDA Physical Inspection Contractors for 2005. MSHDA will provide training on the additional MSHDA requirements of "UPCS Plus" at the training tentatively scheduled for December 6, 2004.

- 3. Meet with Authority Staff as Needed to Review Work Progress and Physical Inspection Results:**

Periodic meetings will be scheduled with all contractors to ensure familiarity with state agency policies and to review work progress and inspection results.

7. GUIDANCE FOR SUBMITTING PROPOSALS

7.1 Proposal Content:

The proposal must contain the following information:

- 1. Qualifications and Experience**
 - A brief description of the individual's and/or firm's qualifications and experience that demonstrate its capability to perform tenant file audits and/or physical inspections.
 - A listing of other state or local agencies for which the firm has acted, or is currently acting, as a tenant file auditor or physical inspector, the length of time for each, the nature of services provided, and a contact person with address and telephone number.
 - A reference list of similar types of contracts successfully completed with a sample of the work. The list of contracts shall include:
 1. The name of the client firm
 2. The contact person

3. The address and telephone number
4. A description of the services performed
 - An organization chart showing functions, positions and titles of professionals in the organization, including any subcontractor firms. A listing of the names of the personnel that will be directly involved in providing the services under this contract, including any subcontractor employees. The listing should identify the personnel with primary contract responsibility.
 - Detailed resumes for personnel that will be directly involved in providing the services under this contract, including any proposed subcontractors and their employees
2. Project Management Plan
 - A description of the Offeror's overall approach to managing the project including organization, support resources, work plan and reporting
3. Other Required Documentation
 - Certificate of Good Standing, if applicable
 - Certificate to do business in Michigan
 - Certificates of Training and/or Professional Certifications
4. Potential Conflicts of Interest Disclosure

No Offeror or any person who is an employee, agent, consultant or officer may have a financial interest or obtain a financial interest in any development to be inspected or audited under this RFP by the Offeror either for themselves or for those with whom they have family or business ties. Offerors must disclose any conflict or potential conflict of interest to MSHDA. For good cause, MSHDA may, in its sole discretion, waive the conflict of interest.
5. Proposed Fee Schedules

The Proposed Fee Schedules must be stated on a cost per unit basis and must include all expenses, including report filing. The cost per unit will be based upon the files audited or units inspected in a development. The Proposed Fee Schedules must be submitted in the format provided in this RFP and should be completed for 2005 and 2006. The Proposed Fee Schedules will be the basis for the evaluation criteria "Fees".
6. Proposal Certification

7.2 Proposal Due Date:

Proposals must be received no later than **5:00 P.M.** on **October 1, 2004**. Late proposals will not be accepted.

7.3 Delivery of Proposals:

One (1) original and four (4) copies of the proposal shall be delivered to:

Michigan State Housing Development Authority
Attn: Ted S. Rozeboom, Director
Office of Legal Affairs
735 E. Michigan Avenue
P.O. Box 30044
Lansing, MI 48909

7.4 RFP Modifications and Additional Guidance:

The Authority may modify the RFP and/or provide additional guidance prior to the date for submitting the proposal by issuing an addendum to all parties who were sent or were otherwise known to have obtained this RFP for bidding purposes.

7.5 Terms of Contract:

The term of this contract will be from January 1, 2005 through December 31, 2005. In its discretion, the Authority may extend the contract for one additional year.

7.6 Rules and Requirements Governing the Competition:

VALIDITY OF PROPOSAL – To construct a valid proposal, the bidder must respond and conform to the RFP including all the documents, which are incorporated therein. A proposal that does not literally comply may be deemed “unresponsive” and thereby rejected.

ERRORS – If a bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, he/she shall immediately notify the Michigan State Housing Development Authority of such error in writing and request modification or clarification of the document.

SUBMISSION OF PROPOSAL – Proposals shall be complete in all respects as required in this RFP. Proposals should be prepared to provide a straightforward, concise delineation of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity.

PROPER AUTHORITY - No proposal will be considered which is not signed by the proper officer or official of the firm, institution or agency.

RFP Deadline – Proposals must be received by MSHDA on or before the date and time specified. Proposals received after the date and time specified will not be considered and will be returned unopened.

Offerors are expected to examine all of the instructions, special provisions, schedules and attachments included in and with this Request for Proposals.

COSTS FOR DEVELOPING PROPOSALS ARE ENTIRELY THE RESPONSIBILITY OF THE BIDDER AND ARE NOT CHARGEABLE TO THE AUTHORITY.

CONFIDENTIALITY – The contents of all proposals, correspondence, addenda, memoranda, working papers, or any other medium, which discloses any aspect of a bidder's proposal, shall be held in the strictest of confidence until notice of intent to award the contract. Proposals will become public after the bid process is completed.

GROUND FOR REJECTION – A proposal may be rejected for reasons including, but not limited to, the following:

- It is not prepared as requested, or contains a material deviation from a requirement.
- It contains false or misleading statements or references, which do not support an attribute or condition contended by the bidder. The proposals shall be rejected if, in the opinion of the Authority, such information was intended to erroneously mislead the Authority in its evaluation of the proposal and the attribute, condition, or capability of a requirement of this RFP.

8. PROPOSAL EVALUATION AND SELECTION

8.1 Qualifications and Experience:

Authority staff will review all eligible proposals to determine if they meet the minimum qualifications specified in this RFP. Proposals that meet the RFP requirements shall be submitted to the Authority evaluation committee established for that purpose and the committee will evaluate and score the proposals using the criteria specified below. In evaluating the proposals, technical merit will have greater weight than financial merit.

8.2 Evaluation Criteria:

1. Experience and General Capability – The offeror will be evaluated on the capability and understanding of the requirements of the firm/individual and its personnel to perform Tenant File Audits and/or Physical Inspections in accordance with federal and state regulations.
2. Experience and Qualifications of Key Personnel – MSHDA will assess the experience and qualifications of specific personnel who will provide the services, their professional and educational background, etc.
3. Project Management - The offeror will be evaluated on its overall approach to managing the Contract and satisfying the requirements of the RFP. The following items will be evaluated:
 - Offeror's overall approach to managing the project including organization, support resources, work plan and reporting will be used as the basis for this portion of the evaluation.

- Ability of the firm/individual to report in an accurate and timely manner, based upon MSHDA reporting criteria.
- 4. Potential Conflicts of Interest Disclosure - The Offeror will be evaluated on potential conflicts of interest identified. The Authority will carefully review and consider the nature and extent of the potential conflicts disclosed.
- 5. Fees - The Offeror must propose fees in the required format. The Authority will review and consider the Proposed Fee Schedules and the services to be provided.

MSHDA reserves the right to reject any or all proposals, to waive any informality or technical defect in the proposal or to award the Contract in whole or in part, if deemed to be in the best interests of MSHDA to do so. MSHDA will award the Contract to the firm, institution or agency determined by MSHDA to have submitted the most responsive and responsible offer, based upon the criteria specified in this Request for Proposal. Selection of the Contractor(s) may not necessarily be based solely on price but will include the consideration of other relevant factors.

9. DEVELOPMENT INFORMATION

9.1 General:

MSHDA currently administers a portfolio of approximately 1,300 properties with nearly 80,000 income restricted rental units. The portfolio includes a wide variety of building types such as high-rises, garden apartments and scattered site dwellings located throughout the State of Michigan. It is anticipated that MSHDA will average an annual increase in the size of the portfolio of approximately 50 properties per year. The number of developments and units by county is included as an Attachment to this RFP.

9.2 Development Information Updates:

The Compliance Manager will provide the Contractor with a list of all properties to be audited and/or inspected each Contract year and will update this information as often as necessary. The Compliance Manager will also provide development information including building addresses, Management Agent contacts and funding/program details.

9.3 Map of Developments by County:

A map of the developments and units by county is included as an Attachment of this RFP.